DEC 26 '96 02:55PM ARCO CONTROL CENTER

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ARCO ALCOS 3102-CV-00174-RRB

Document 54-2

Filed 08/11/2006 Page 1 of 6 P.O. Box 100360 Anchorage, Alaska 99510

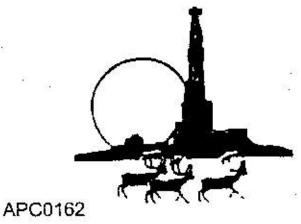
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Appendix E

Fair Labor Standards Act: Exempt/Nonexempt Classifications

The federal Fair Labor Standards Act (FLSA) establishes standards concerning the minimum wage rate, overtime pay, equal pay, and child labor. Except for those who are specifically excluded from coverage, the law applies to all employees who are:

- engaged in interstate commerce;
- engaged in the production of goods for interstate commerce;
- employed by an enterprise engaged in interstate commerce or in the production of goods for interstate commerce.

Many states also have laws patterned after the FLSA that cover wage and hour issues. Where state and federal law conflict, the more restrictive law usually prevails.

One of the more complex areas of the FISA is its classification of certain employees as "exempt" or excluded from coverage by the overtime requirements of the law. An employee is presumed to be "nonexempt" (covered by the law and entitled to receive overtime pay) unless the employer can show that the employee's job duties and pay meet certain criteria.

The following tables summarize criteria for some of the most commonly used overtime exemptions. The exemption criteria can be applied easily and correctly to many jobs. However, there are some cases where determining the proper classification can be complicated.

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APPENDIX E . EXEMPT/NONEZEMPT CLASSIFICATIONS

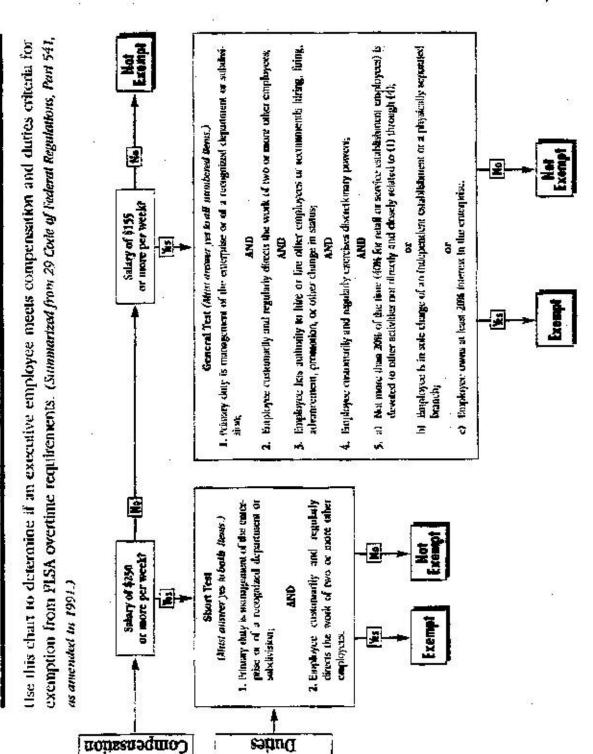
A number of terms contained in the exemption definitions (for example, "salary," "primary duty," "closely and directly related work") have specific meanings when used in the FLSA. These terms are defined in the law and in decisions issued by the Department of Labor. It is important to correctly interpret and apply these terms when determining whether employees should receive overtime pay.

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The tables in this appendix provide information to help Descriptions Now! users better understand some overtime provisions of the FLSA. They are not meant to provide legal advice. If you have questions on the correct application of the FLSA exemption criteria in your organization, Descriptions Now! recommends consulting an attorney or other individual with expenise in compensation issues.

executive Employees

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Administrative Employees

restantially as also adjusted the selection in the selection in the selection of the select

Use this chart to determine if an administrative employee meets compensation and duties criteda for exemption from PLSA overtime requirements, (Summarized from 29 Code of Federal Regulations, Pari 541, as amended in 1991.)

Exerte or more per week? Salary of \$155 Ş) 2 or more per week? Salary of \$250 Compensation

1. a) Tripury clark is office or mon-manusal week dree by related to management general implies operations of the emphysic or employer's customers; General Test (Must drawn yes to AR attribered Bent.)

 Primary duty is performance of functions in administration of a school system or educultonal institution in work directly related to academic instruction or testining.

work directly related to management

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(Must menter les to both throis.)

Short Yes

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tions of the employer or employer's

CUSTODICES

2. Employee customerity and regularly exercises discretion and independent judgements

3, a) Englasses regularly and directly assists a proprietor or bone fide executive or adminis-Iraine eniployee;

tem or exhibitational lestimation in work

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ist Primary drity is performenter of functions in administration of a school sys2. Work requires the exercise of discretion

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in Inder only general supervision, employee performs specialized on rechards work requiring special Italians, expensence, or loanvioling.

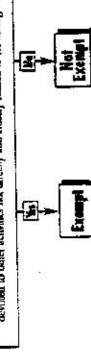
SUPERITOR & CA

POLICIES

Policiss,

c) Under only general supervision, employee executes special assignments and lasker

4. Not more than 20% of the time (40% for rebail or service catablishment employees) is devoted to other activities sex directly and closely related to (1) through (3).



The title wise of exculsively culm intercation personned, employee receives either subary or fee of \$155 or more per excel (1R is subary at least aqual to entry school in the sense school.

Exemp

Exempt

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or more per week? Salary of \$170

or exemption from FLSA overtime requirements. (Summarized from 29 Code of Faderal Regulations, Part

541, as amended in 1991.)

Salary of \$250 or more per week?

Compensation

7

tise this claim to determine if a professional employee meets compensation and duties criteria

Professional Employees

WHAT RADIOT ROW

of science or fearing costormarily acquired by a prolonged course of specialized intela) Primary duty is work requising knowledge of an advanced type in a field kectual instruction and study

General Test (Must answer yes to all numbered froms.)

 b) Primary day is work that is original and creative in character in a recognized field of pristic cadeavor, the result depends primarily on the invention, integration, or ratent of the employee;

xeltuming work expairing knowbalge of an advanced type in a field of science or rise of dispetition and judgement white

transling custometilly acquired by a prourged exacte of specialized inclicated

instruction and study;

Primary duty roquines the consistent exer-

Other areaver yes to of legal one them.)

Short Test

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resching, twenting, trainmenting, or lecturing as a cacher, employed by a school sys-

ien oreducational catalitishment or insti

c) Princing doty is work requiring Invention, inagination, or takent in a recognised

field of anistic endeavor.

h) Princey duly requires the consistent exercise of elementan and indeement while

Duties

MAT SUPLE OVER

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Not more than 20% of the time is denoted to activities which are not an essential part of and necessarily incident to the work described to (1) through (3). N 4



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